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ABSTRACT

A hypothetical outline of a federal bill of educational entitlement proposes: (1) every high school graduate who is a citizen of the United States would be eligible for a specific federal dollar entitlement per year up to a maximum of four years of full-time study within a 10-year period immediately following graduation. (2) After the initial 10-year period, the individual would acquire additional educational entitlement benefits for every year he or she paid federal income tax or met the requirement for federal negative income tax assistance. (3) A citizen's educational entitlement could be used at any accredited public or private postsecondary institution in the United States and its territorial possessions. (4) The federal entitlement would apply to all regardless of need. The rationale for the entitlement and this type of approach are discussed emphasizing the potential abuses of excessive educational consumerism and institutional aid.
(Author/MJM)

IS IT TIME FOR A CITIZENS' BILL OF EDUCATIONAL ENTITLEMENT?

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I. INTRODUCTION

Last year the descendant of a Michigan State University alumnus sent me some memorabilia discovered while cleaning out an attic trunk. Among the items was a receipt from the then Michigan Agricultural College dated May 4, 1864. The listing ought to evoke nostalgic longings for the "good old days."

Lansing, Mich., May 4th 1864

Mr. E. J. Feighner

In account with the STATE AGRICULTURAL COLLEGE,

1864			Dr.	Cr.
Feb	24	To Matriculation Fee,.....	\$ 5 00	\$
May	4	" Board, 12 weeks, at \$2.25,	22 50	
"	"	" Room Rent, 2 quarters	2 00	
"	"	" Washing 20 pieces, at 3 1/2 cts., ...	70	
"	"	" balance from last quarter, ...		
"	"	" Cost of Mattress &c 1 yr	40	
Feb	27	By Cash,.....		16 00
May	4	" Labor, 17 1/2 hours, at 7 1/2 cts., ...		12 82
"	"	Balance due the College at date, <i>plus 50 cts. on B. & R.</i>		11 78

Received Payment

Secretary

Certainly a matriculation fee of \$5 did not cover all the costs of a student's education even in 1864. The bulk of the support came from the state.

Over the intervening years the original principle of low tuition has been seriously eroded. The original rationale for government subsidization of higher education was, and continues to be sound: an educated citizenry contributes to the common good.

Like education at all levels, higher education is both a private investment and a public investment. As such, it brings both private and public returns. For the individual, higher education may make possible a higher material standard

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of living, a more stimulating and satisfying career, and an ability to appreciate and grow through exposure to the wealth of our intellectual and cultural heritage. For society, higher education's returns take equally diverse forms: the improvement of life through basic and applied research, manpower training and the creation of a more affluent tax base, direct public service efforts by colleges and universities, and more.

In terms of social policy, governmental subsidy of higher education has traditionally been justified by reference to the public benefit derived therefrom. Higher education has been correctly viewed as an investment in human potential, an investment which history has proved to be a blue-chip one.

For the federal government, the Morrill Act of 1862 was perhaps the prototypical recognition of the interdependence of the individual and social benefits of post-secondary learning. In establishing the land-grant colleges and universities, the authors of the Morrill Act created a system destined to become an outstanding international educational model.

More recently, during the last three decades, the federal role in public higher education expanded tremendously. Following World War II, the G. I. Bill became in a sense the first citizens' bill of educational entitlement, even though its benefits extended to veterans rather than to the public at large. In 1950, the post-World War II's ad hoc relationships among government, higher education, and the scientific community were institutionalized by the creation of the National Science Foundation, an explicit testimony of the social worth of higher education's research and research training capacities. Other milestones included the National Defense Education Act of 1958, the Higher Education Academic Facilities Construction Act of 1963, the Higher Education Amendments and Health Manpower Act of 1968, and the largely unfunded Higher Education Amendments of 1972.

But as one looks at the awesome array of federal legislation, two striking features should be noted: First, the concentration on "need" rather than on "entitlement"; and second, a dramatic shift in the pattern of funding away from institutional support toward student support. On the first point, I remain fully committed to the provision of financial aid based upon need -- no one can dispute its value for improving access to higher education. But in the process, we have tended to lose sight of the more basic issue of entitlement to an educational service as a fundamental right of all citizens. On the second point, we have also tended to forget that low tuition based upon strong institutional aid is an alternative method of achieving the same goal of improved access. Certainly, as I intend to elaborate later, such an approach is highly complementary to need-based student aid.

Both trends have been further compounded by a notable shift in the cost burdens borne by students and their parents. In 1960, for example, a Michigan resident student bore 21% of the direct cost of an education at our university; by 1970, the percentage had increased to 30%. Escalating costs due to such variables as inflation, and the labor-intensivity of higher education have coincided with a declining funding priority assigned to higher education, especially by the public sector. The pattern is well known to all of you so I need not elaborate. The basic fact is that higher education costs have been rising at a rate of nearly 20 percent per year (Leslie, 1974, p. 47, without adequate offsetting increases in public and private support. Under the circumstances, tuition increases have become the major recourse for institutional survival.

The result has been a dramatic increase in tuition at both public and private institutions and a notable shift toward a greater student share of the cost burden.

Further, universities have been unable to offset cost increases by greater productivity because there are limits to productivity increases in higher education. While it is true that improvements in efficiency have been made over the years with sometimes corresponding declines in quality, I strongly suspect that we are close to a ceiling with current technology. Hereafter, most gains in productivity will exact a price in terms of unacceptable reductions in quality... Not long ago, I pointed out that

"The search for ever greater and greater increases in productivity can best be put into proper perspective by contrasting pictures of two extremes. Take first the image of a teacher on one end of a log with a student on the other end, then contrast it with the image of our freshman class of 7,000 sitting in our football stadium while one lonely professor stands at the 50-yard line in front of a microphone. The former represents the ancient notion of teaching; the latter would be a demonstration of extremely high productivity -- assuming that it were effective.

"The choice between these two educational models, as well as among the many idealized models, depends upon a delicate and subjective balancing of educational philosophy and economic efficiency. I often wonder whether as a matter of public policy the ever-growing press for greater productivity is not leading us to the football stadium classroom. Is this what the students, their parents, or the tax-paying citizens really want? From the criticism I hear, I doubt it." [Wharton, 1975, pp. 5-6]

As a social institution so heavily dependent upon people to provide its services, and with fairly fixed production techniques, universities have been especially vulnerable to the current economic malaise. Inflation and skyrocketing energy costs have undercut virtually every post secondary institution in the U.S.A.

As tuitions inexorably rise and disposable real income at least temporarily declines, the undergraduate and parents face not only the question of whether a college education continues to offer its long-claimed economic rewards, but also the question of whether he or she can in fact afford to attend college at all.

Even for public colleges and universities,¹ state appropriations are rarely adequate to offset or prevent tuition increases. A few years ago our state legislature adopted a policy of funding only its proportionate share of any budgetary increases granted. For example, the legislature might determine that a 6% raise was proper, but it would appropriate only 4% as its proportionate share of our operating budget. As a result, either programs have to be curtailed or tuition increased -- oftentimes both remedies are necessary! This action thereby placed even greater

¹The increasing blurring of the Public-Private dichotomy should be noted, although the aims and scope of this paper do not allow for detailed discussion of the trend.

pressure upon a virtually lock-step increase in tuition. Indeed, the pressure to increase tuition will be further intensified to the extent that the legislature refuses to recognize cost increases which may be practically or legally unavoidable, because they are not politically attractive enough to receive state support. Hence it is unlikely that state allocations will halt, much less reverse, the upward trend in tuition costs.

- For private colleges and universities, the situation is even more acute. The increasing costs at private universities is rapidly becoming a national epidemic. Among the recently announced tuition increases: Harvard from \$3,400 to \$3,740 in 1975-76; MIT from \$3,350 to \$3,700; and Yale from \$3,650 to \$4,050.
- Is it time, then, for a citizens' bill of educational entitlement? My answer is yes -- and in my view the federal government must assume a new and more active role in subsidizing the entitlement.

II. A HYPOTHETICAL PLAN

As most of you are undoubtedly aware, the Carnegie Council on Policy Studies in Higher Education has just released a set of recommendations aimed at expanding the federal role in higher education. As vice chairman of the Council, I heartily endorse the proposals contained in the recent report. However, the recommendations have dealt largely with such devices as Tuition Equalization Grants to enhance enrollments at private colleges and universities, improved student loan plans, and new or expanded programs of federal aid directly to institutions.

These necessary steps are nonetheless not sufficient unto themselves. One major point upon which I disagree with the recommendation of the earlier Carnegie Commission on Higher Education (not to be confused with the new Carnegie Council, mentioned above) is the Commission's feeling that individual students and/or their families should bear an increasingly greater portion of the costs of postsecondary education. It seems to me that the primary objective of any citizens' bill of educational entitlement should be to move once more toward a longstanding ideal of American education: low-cost or no-cost postsecondary schooling similar to that currently available at primary and secondary school levels.

What might be the outline of a hypothetical federal bill of educational entitlement? Let me offer a few of my own broad, preliminary ideas.

- First, every high school graduate who is a citizen of the United States would be eligible (contingent on admission to an accredited postsecondary institution) for a specific federal dollar entitlement per year up to a maximum of four years of full time study within a ten-year period immediately following graduation. For adults who had not completed high school, the initial 10-year eligibility period would commence upon completion of diploma G.E.D. or alternate college admission requirements. I would set the dollar amount at about 1/4 the average cost of current state subsidies to state institutions (viz. a total state subsidy of \$1,500 would mean a federal entitlement of \$375).¹
- Second, after the initial 10-year period, the individual would acquire additional educational entitlement benefits for every year he or she

¹This sum has been deliberately chosen to match the proposed tuition equalization grants recommended by the recent Carnegie Council report (1975).

paid federal income tax or met the requirements for federal negative income tax assistance. Again benefits would accrue up to a maximum of 4 years or full-time schooling in a 10-year period.¹

-- Third, a citizen's educational entitlement could be used at any accredited public or private postsecondary institutions in the United States, and its territorial possessions.

-- Fourth, the federal entitlement would apply to all regardless of need.² Where students are entitled to federally funded financial aid based upon need, the entitlement would serve as the initial base of an aid package. But the proposal should be designed so as to preclude any reduction in any existing, additional student aid awarded currently by individual states, territories, institutions. Similarly the existence of private scholarship and grant programs, and the like should not affect the level of entitlement due an individual under the rules of eligibility for federal educational entitlements.

My basic rationale for such an approach is based upon two assumptions: First, that there is a private or personal return from education which justified a student bearing a proper proportionate share of the cost burden, even though the social returns in our highly interdependent world are probably growing. For example, the lack of adequate education for inner city residents imposes major social costs whether through increased criminality or welfare costs which are borne by society, the elimination or reduction of which would constitute a significant social benefit.

Second, that increases in inter-state residential mobility will continue to grow so that the social benefit from one state's investment in education will redound to the benefit of another -- and some states will be net winners at the expense of others. While these trends will increase, it will remain true that the bulk of the graduates would continue to remain within a state, therefore justifying the continuation of a preponderant role for state subsidies.

From materials developed by the Carnegie Commission on Higher Education, it can be estimated that 1975-76 will see total undergraduate FTE enrollments at public and private institutions topping 7 million persons, [Harris, 1972, pp. 265-314]. If we assume as above that the federal share of expenses would average \$375 per individual, the annual cost of a citizen's bill of education entitlement would run around \$2.6 billion.

Needless to say, this is hardly a beginning in detailing the features which a viable federal bill of educational entitlement would require. Nonetheless, it should serve to stimulate discussion while giving a somewhat less abstract notion of exactly

¹ This provision is important for professional and graduate training and especially for the growing need to follow lifelong educational patterns.

² I concur with those who object to proposals which would result in a free public service for some and a high tuition for others.

what I mean when I say "citizens' entitlement."

But what about potential problems? Let us for a moment examine the issues of institutional aid versus direct aid to students, and the closely related issue which I have come to call "educational consumerism."

III. EDUCATIONAL CONSUMERISM AND INSTITUTIONAL AID

The above mentioned shift toward a larger and larger proportion of total costs being borne by the student has inevitably increased the pressures of "educational consumerism" or "student consumerism." If we move in the direction of a "bill of entitlement" just outlined, we must recognize that these pressures will increase even further.

As consumers, students enter the academic "market" and decide at which "store" (college or university) to shop and what items (courses) to buy. Traditionally, however, students' choices constitute a vote with only a partial influence over the activities of a college or university and the allocation of its resources. The superficial rationale for a limited influence for student consumer choice is the fact that the dollars which the student expends do not cover the full costs of the educational service which the student receives.¹ Private universities rely primarily upon endowment funds and private gifts to make up the difference; public institutions, tax funds from the public sector.

The most important danger of excessive "educational consumerism" is its impact upon the allocation of educational resources and investment choices in higher education.

The U.S. system of higher education combines elements of a competitive market with elements of public subsidy and control. But the market works best in allocating or directing the use of resources when private costs and benefits coincide closely with the social costs and benefits. Because the private benefits and social benefits from education are substantially different, a student's rational economic decisions will reflect only a personal calculus, not that of society. If a student must pay the full or preponderant cost of his or her degree, those educational investments that do not provide a personal return will often be ignored. The consequences will be a less than socially desirable level of investment in certain key areas of higher education. All choices will reflect individual preferences and expected individual returns, not social returns which the individual can not capture. Thus, the substantial difference between the private and social cost-benefit relationships not only would result in a poor total allocation of resources to higher education, but the market approach would also result in a distorted allocation of resources within the educational system.

Another consequence of increased educational consumerism would be a reduction in the provision of courses and subjects with high social benefits but lacking high potential for large private earnings. For example, the cost of educating a researcher in pure science is about the same as that of an applied scientist, but the expected incomes for each tend to be quite different because they enter different occupations and industries. This is true even though the discoveries of the pure scientist, often unpredictable, can have enormous social and economic benefits to the public and even

¹Actually, if one includes the economists' notion of "opportunity costs," the individual student (or family) pays by far the largest part of the cost of undergraduate education in the form of foregone income and maintenance costs.

though the scientist rarely derives major personal financial gain thereby.

Further, if the student is required to bear a greater and greater share of the costs of an expensive course of study, career choices upon graduation will be correspondingly influenced toward those occupations where one can capture the benefits as income. Those careers with the greatest divergence between social and private benefits will be avoided while those with the least will be sought after. In a system completely dominated by the concept of education as a private good, those areas of knowledge with high potential for social benefits and smaller private benefits would tend to be underproduced. What would happen to the humanistic tradition of American education under such a system?

Equally alarming in course choices, students will be forced, or will think they are, to ask for only the portions of the university they want. This leads to the concept of trying to buy the prime rib at the price of the whole steer. You either buy everything or you ultimately can buy nothing.

The current pattern of fees and tuitions at most universities and colleges do not take full account of the variation in costs of different courses of study.¹ But as the costs of education have increased, the cost gap between certain fields has grown, forcing more widespread pricing differentials. As the student control over the funding of higher education increases, there will inevitably and predictably arise greater outcries among those students who see their fees as inaccurately reflecting the true costs of their education and as containing hidden subsidies for their classmates in high cost curricula. The student in English literature or in Elementary Education will object to his or her fees and tuition being used to subsidize the higher costs of a student in medicine or in Low Energy Physics. Thus, educational consumerism will lead to greater variation in tuition charges more accurately reflective of true curricular costs -- a trend which may have serious implications for choice of major based upon income or ability to pay.

An additional consequence of this trend will be irresistible pressures for a separation in financing and budgeting by colleges or even curriculums within the university.

With separate sources of revenue, faculties will expect budgets to be related to the potential available revenue. The University and knowledge already badly fragmented would tend to become even more fragmented and the character of the university would be altered. In my opinion, it would be altered in a most undesirable way. Multidisciplinary and interdisciplinary work would become increasingly difficult. Departmental rivalries and jealousies would be further aggravated. Most serious, disciplinary isolationism would become endemic at the very moment when the problems which desperately need solution in our society do not respect traditional disciplinary boundaries.

The impact on research and public service activities would be equally severe. Universities do more than teach and produce graduates. They also conduct research and

¹In addition to undergraduate/graduate differentials, the most frequent exceptions are to be found in medicine. A newly emerging trend has been the differentiation between Freshman-Sophomore charges and Junior-Senior rates.

engage in public service activities, both of which benefit society. These activities deserve public support in their own separate right. But many students and tax-paying citizens do not realize that these activities are highly complementary to the teaching function of a university. The discovery of new knowledge through research and experimentation, whether in a laboratory or in a community extension center, is absolutely essential for the continued vitality of the teaching process. The scope and dimension of human knowledge is an ever changing and ever expanding aggregation. Failure to support and nourish these activities would quickly lead to the virtual demise of any meaningful teaching function.

Research scholarship, public service activities, and teaching are highly complementary enterprises. In the long run the quality of instruction in the university is enhanced by combining these activities. In a university completely or predominantly supported by student purchases of services, it is most likely that students, wanting to get the most for their money, would demand the undivided attention of the faculty. Scholarship and public service experiences tend to enrich future performance and detract from current performance. But students are most interested in current performance.

Let me make my position quite clear. Student preferences and competition among colleges should very properly affect the nature of the educational product. I am completely convinced that there must be a greater responsiveness to the educational concerns and needs of students; such developments are welcome and long overdue. But it must also be recognized that a university is more than a glorified high school whose sole purpose is to teach. There are important supplementary and complementary activities which enhance the teaching function and which deserve support in their own right.

I believe that the root of the problem is less the student who is understandably exhibiting the educational consumer syndrome but the public, or that part of the public, that is promoting a shift toward a greater student burden and toward the adoption of funding devices that promote lesser attention to other important dimensions of the university.

Thus, I would argue most strongly that any development of a citizens bill of entitlement be accompanied by a well funded program of direct institutional aid. A bill of entitlement would undoubtedly increase dramatically the demand upon educational access. In a public university, what the student pays in tuition and fees represents about a third of the actual cost of his or her education. Thus, direct aid to students tends to increase the demand upon educational facilities without corresponding support for strengthening and improving the educational output.

The Higher Education Amendments of 1972 would, if funded, provide at least an initial offset for increased institutional costs. Any bill of entitlement must, therefore, be accompanied by provision of institutional aid to respond to the expanded demand for access. In addition, such institutional aid grants would be absolutely essential to offset the undesired consequences of excessive educational consumerism.

VI. CONCLUSION

Financing higher education is one of the most critical current issues in American society. Present circumstances convince me that the answer to the question, "Is it time for a citizens' bill of educational entitlement?" should be a resounding Yes.

Clifton R. Wharton, Jr.

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At the same time, however, we cannot expect such an innovation to provide a panacea for all our ills. In particular, in our search for optimal strategies we must not rush headlong into fads and foibles whose surface attractions serve to mask hidden defects below.

We do need a citizens' bill of educational entitlement -- but we do not need the abuses of excessive educational consumerism. And we especially do not need the dire problems that will inevitably result from the assumption that federal aid directly to individuals will be sufficient to allow the elimination of federal and state aid to institutions.

We must face the problem of financing higher education in all its complexities. An oversimplified approach can only lead us into the trap of a market-oriented educational system rather than a system built on excellence, extending the frontiers of knowledge, service to the community, and the preservation of humane values. The loss of any of those, I submit, would be an irreparable blow to universities, students, and the wider public.

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